

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)	
)	
Calling Party Pays Service Option)	WT Docket No. 97-207
In The Commercial Mobile Services)	
)	
TO: The Commission)	

REPLY COMMENTS OF SPRINT SPECTRUM L.P. d/b/a SPRINT PCS

Sprint Spectrum L.P., d/b/a Sprint PCS ("Sprint PCS") hereby submits its reply comments in response to the above-captioned Notice of Inquiry. As explained below, the record demonstrates the need for commencement of a full rulemaking proceeding to establish a national policy to facilitate the provision of a nationwide calling party pays ("CPP") service option by commercial mobile radio service ("CMRS") providers.

Introduction

The majority of comments demonstrate that there is a great amount of interest in the CPP service option.^{1/} Based on full consideration of marketplace demand,

^{1/} See, e.g., Comments of AirTouch Communications, Inc. ("Airtouch") at 1; Omnipoint Communications, Inc. ("Omnipoint") at 1-2 ("only with seamless, nationally available CPP can the Commission achieve the goal of wireless telephony as a significant competitor to wireline telephony"); AT&T Wireless Services, Inc. ("AT&T") at 7; United States Cellular Corporation ("USCC") at 3-5; Vanguard Cellular Systems, Inc. ("Vanguard") at 6-9; Cellular Telecommunications Industry Association ("CTIA") at 1; Personal Communications Industry Association ("PCIA") at 2; Motorola, Inc. ("Motorola") at 2-3; Nokia Telecommunications, Inc. ("Nokia") at 2-3; Source One Wireless II, L.L.C. ("Source One") at 8; Telecommunications Resellers Association ("TRA") at 2; *see also* Comments of Centennial Cellular Corp. ("Centennial") at 1-2 (supports with concern that regulatory impediments may raise difficulties).

experienced CMRS commenters believe that consumers will, in fact, subscribe to CPP calling plans if they can be offered effectively. Further, CPP proponents recognize that the widespread availability of CPP offerings could enhance significantly the ability of wireless providers to compete with landline carriers in the local exchange marketplace.^{2/} CPP proponents (including the only state regulatory commission that filed) also recognize, however, that this important service option cannot be offered effectively without regulatory intervention.^{3/} As a number of commenters, including Sprint PCS, explained, regulatory intervention is necessary to ensure that opponents of CPP do not stymie the emergence of CPP as a viable offering.

Aside from revealing a strong interest in CPP, the comments filed in this proceeding also served to narrow the issues appropriately before the Commission. Essentially, there are two issues that must be resolved by the Commission if CPP is to evolve beyond the limited, scattered offering it is today. First and foremost, the Commission must determine the manner by which CMRS providers are compensated for completing calls within a CPP environment. Second, the Commission must establish national standards for consumer notification that specify how (calling party) consumers be informed that they are to be charged for a CPP call.

^{2/} See, e.g., PCIA Comments at 2; Vanguard Comments at 8; Omnipoint Comments at 2; USSC Comments at 2-4. See also Rural Telecommunications Group Comments at 2 ("[b]ring the cost of utilizing CMRS more in line with the cost of using wireline communications will make CMRS more appealing to reluctant potential users").

^{3/} The Washington Utilities and Transportation Commission "endorses the FCC's efforts to establish a uniform national approach" to CPP. See WUTC Comments at 6.

I. The Availability a Calling Party Pays Service Option is Highly Desired and Essential to Competition in the Local Exchange.

As noted above, the record in this proceeding reflects a growing consensus that CPP is in the public interest. Like Sprint PCS, several experienced CMRS providers expressed interest in offering CPP to their subscribers, if the service could be provided in a cost-effective manner.^{4/} Similarly, manufacturers such as Motorola and Nokia expressed enthusiastic support for CPP as being in the public interest and described the service option as an important tool to increase demand for CMRS offerings.^{5/}

Significantly, a number of parties expressing support for a robust CPP option recognize that CPP is “essential” if CMRS offerings are to compete with wireline services.^{6/} As AirTouch correctly suggests, CPP increases the likelihood that CMRS carriers will compete with other local exchange services by encouraging CMRS subscribers to use their mobile phone for incoming as well as outgoing calls and by making it more likely that CMRS will be priced competitively with landline services.^{7/} Or, as Sprint PCS noted in its comments, telecommunications services can effectively compete only when consumers see the potentially competing services as substitutes: “CPP

^{4/} Specifically, wireless providers such as AirTouch, AT&T, Omnipoint, United States Cellular and Vanguard all expressed an interest in establishing CPP as a viable service option. *See* Airtouch Comments at 5-8; AT&T Comments at 2; Omnipoint Comments at 8; Vanguard Comments at 2; USCC Comments at 2-5.

^{5/} *See* Motorola Comments at 3-4; Nokia Comments at 1-2.

^{6/} USCC Comments at 1-3.

^{7/} AirTouch Comments at 8. *See also* Omnipoint Comments at 1-2.

is a service option that facilitates the substitution of wireless telephony for wireline service.”^{8/}

II. Proponents of CPP Generally Agree that Regulatory Intervention is Required for Effective Implementation of this Service Option.

Although the record reveals significant support for CPP, many CPP proponents recognize that this service option will not flourish without federal regulatory action. A significant number of local exchange carriers (“LECs”) that have the ability to frustrate CPP service are opposed to establishing regulations to promote CPP.^{9/} This is perhaps because CPP enhances the ability to substitute wireless for wireline services and thus has the potential to make inroads into the LEC monopoly over the local exchange market. The expansion of CPP may be perceived by many LECs as contrary to their interests. Accordingly, some LECs can be expected to resist the development of a viable CPP service option.

The experience of AirTouch in trying to obtain billing and collection services (for the provision of CPP) from SBC subsidiary Pacific Bell is instructive on this point. As graphically illustrated in the letter attached to AirTouch’s comments as Appendix B, SBC makes no effort to disguise its motives in refusing to bill its customers for CPP service:

^{8/} Sprint PCS Comments at 1.

^{9/} See, e.g., Comments of United States Telephone Association; Comments of SBC Communications, Inc.; Comments of the GTE Services Corporation; Comments of BellSouth; Comments of U S West, Inc.

We have determined that it is not in our best interest to bill and collect for CPP at this time. We believe our ability to market additional products and services would be negatively impacted if we were to bill CPP on Pacific Bell's telephone bill.^{10/}

Unfortunately, SBC's refusal to bill for CPP is not an anomaly. Omnipoint reveals that it has been unable to reach similar billing and collection arrangements with SBC, as well as Bell Atlantic, BellSouth and SNET.^{11/} Clearly, as long as LECs simply can refuse to deal with CMRS providers attempting to implement a CPP option, CPP is destined to be nothing more than a limited service with minimal impact upon competition and consumer choice.

III. The Comments Filed in Response to the Commission's Inquiry Serve to Narrow the Issues Appropriately Before the Commission.

The comments filed in response to this inquiry also serve to narrow the issues appropriately before the Commission. In effect, there are two fundamental questions that must be resolved: (1) the manner by which CMRS providers are to be compensated for completing a call within a CPP framework and (2) how (calling party) consumers should be notified when they will be charged for CPP calls.

Regarding the question of compensation, the comments reveal two distinct approaches. AirTouch and Vanguard for example, suggest that CPP is best implemented through a billing and collection arrangement subject to Commission oversight.^{12/} These parties argue for a CPP framework that, for billing and collection purposes, treats wireless

^{10/} AirTouch Comments at Appendix B.

^{11/} Omnipoint Comments at 16, n.27.

^{12/} AirTouch Comments at 18; Vanguard Comments at 2.

carriers similarly to an interexchange carrier or 900-number service provider. Sprint PCS, on the other hand, recommends that CPP be implemented by modifying existing interconnection arrangements, similar to the way in which CPP has been treated in Europe and elsewhere.^{13/} Sprint PCS will not reiterate here the merits of its approach versus the methodology suggested by other parties. No matter how CPP is implemented, however, it is clear that some level of federal regulatory action is warranted.

The record also indicates that the issue of consumer notification merits Commission involvement. Numerous carriers agree that the Commission has broad authority to preempt inconsistent state regulations that hinder the nationwide deployment of CPP.^{14/} National standards for consumer protection will be more effective than state regulations because wireless subscribers move frequently over state lines and because “uniform national standards will be more quickly internalized by consumers across the country.”^{15/} As the Cellular Telecommunications Industry Association (“CTIA”) points out, there are numerous practical and technical problems associated with certain notification mechanisms,^{16/} the details of which are best addressed in the context of a Commission rulemaking.

^{13/} Sprint PCS Comments at 7-8.

^{14/} Bell Atlantic Comments at 4-6; GTE Comments at 19-21.

^{15/} Sprint PCS Comments at 18.

^{16/} CTIA Comments at 11-12.

Conclusion

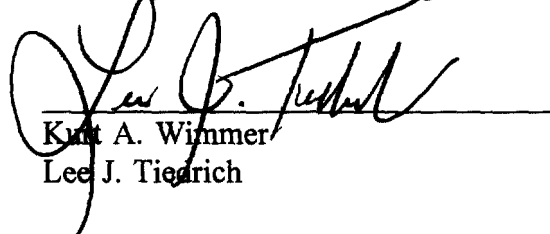
Sprint PCS suggests that the record in this inquiry establishes that many CMRS commenters believe that CPP is a desirable service option that will serve to enhance competition with wireline carriers. Moreover, the successful implementation of a CPP regime depends upon the intervention of the Commission. Without the commencement of a rulemaking proceeding, a highly desired CMRS service will be available to the American public only on a very limited basis and the likelihood of increased competition for wireline service will be diminished.

Accordingly, Sprint PCS urges the Commission to move quickly to initiate a rulemaking for the purpose of establishing a national CPP policy. Although the comments did not speak with one voice, unanimity is not a prerequisite for such action. In any event, the Commission should note that those parties opposed to the commencement of a rulemaking proceeding and the broad availability of CPP are precisely the same parties that stand in the way of CPP being offered effectively now. Thus, the potential opposition of incumbent LECs to CPP should not dissuade the Commission from exploring a regulatory structure that would facilitate the provision of CPP as a real option for consumers.

Finally, because of the amount of CPP-oriented analysis that already has been undertaken by both the Commission and industry, the rulemaking need not be lengthy or complex; it should deal primarily with the issues of compensation and notification.

Respectfully submitted,

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